

Property Tax Payments, 2002-2003 - Randolph County -

Indiana Legislative Services Agency

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The Indiana Supreme Court found Indiana's true tax value assessment rules to be unconstitutional in December 1998. Major changes in property tax payments in each county from 2002 to 2003 were caused by several factors, including:

- The move from the old true tax value assessment rules to the new market-oriented rules during the 2002-2003 property tax reassessment.
- Tax levy increases by local taxing units, which are influenced by spending and the availability of other revenue sources.
- The tax restructuring provisions enacted by the General Assembly in 2002 to help mitigate some of the effects of the assessment changes.

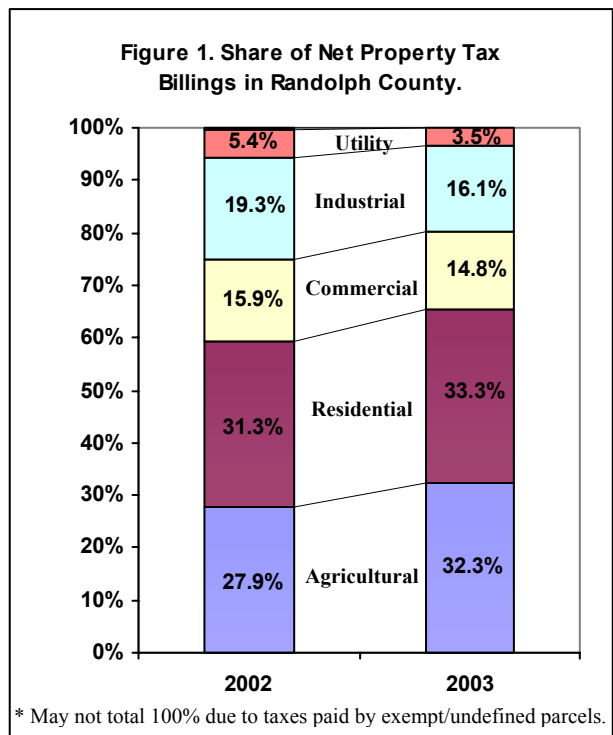
State Tax Credits Increased in Randolph County from \$4.0 Million in 2002 to \$7.1 Million in 2003.

The General Assembly's restructuring provisions increased state tax credits statewide in 2003 from \$1.12 billion to \$1.87 billion, an increase of approximately \$748 million. In Randolph County, state tax credits

Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	96.6%	85.2%	19.1%
Residential (All)	96.7%	58.9%	9.5%
Homestead Only	97.1%	43.5%	-4.2%
Commercial	34.2%	26.6%	-4.6%
Industrial	11.6%	5.4%	-14.4%
Utility	-14.6%	-14.6%	-33.9%
Avg. All Classes	69.0%	49.9%	3.0%

increased from \$3.98 million to \$7.14 million, an increase of \$3.16 million. This paper provides a brief summary of how these factors changed property tax liabilities in Randolph County.

Tax Shifts. Randolph County saw a property tax shift from businesses to residential property owners and agricultural property owners. Tax bills paid by residential and agricultural property owners increased, while tax bills paid by commercial, industrial, and utility property owners decreased (see Table 1). [Restructuring also incorporated an increase in the Utility Receipts Tax to compensate for reduced property tax payments by utilities.] The reason for these shifts between classes of property was that the total of real plus personal property assessed values (AV) of residential and agricultural property increased more than the assessed values of business property. Gross assessed values of agricultural and residential property nearly doubled. Commercial and industrial assessments rose much less, and utility assessments actually declined. These figures include the



effects of new construction, demolition and remodeling of property, as well as the effects of reassessment, tax restructuring and levy increases.

Homeowners and Renters. The residential property type includes both homestead and non-homestead residential property. Owners of residential homesteads in Randolph County saw their tax bills decrease. Owners of agricultural homesteads saw their tax bills increase by an amount that was comparable to the average residential property increase. A property is eligible for the homestead deduction and credit if it is occupied by its owner and is the owner’s primary residence. The increase in the homestead deduction from \$6,000 to \$35,000 is the reason that residential net assessed value rose so much less than gross assessed value.

Tax bills on non-homestead residential property, which is primarily rental property, increased much more than for homestead property. Taxes rose because rental assessments increased as much as homestead assessments, but rental property was not eligible for the homestead deduction or homestead credit.

Table 2 shows tax changes for comparable properties, those with physical features that were unchanged from 2002 to 2003. In Randolph County, substantially more residential property owners (including both homeowners and rental property owners) saw tax bill increases than decreases in 2003. Separately, more homestead owners saw decreases rather than increases.

	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead -NO Levy Change -
Increased	64.4%	40.1%	56.2%	29.1%
Decreased	35.6%	59.9%	43.8%	70.9%
Increased 100% or More	24.6%	6.1%	19.0%	4.6%
Decreased 25% or More	17.3%	29.2%	25.5%	43.2%
Average Change (\$)	\$40	-\$74	-\$27	-\$147
Average Change (%)	8.1%	-11.3%	-5.5%	-22.5%

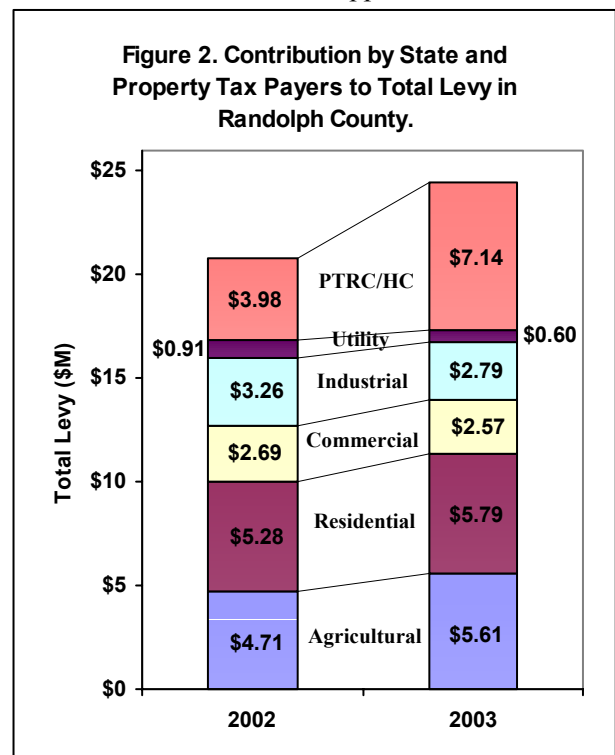
* Percentages represent the percentage of parcels affected.

Not all of the tax bill change was due to reassessment and tax restructuring. Some was due to increases in the tax levies of local units of government. Table 2 shows estimates of what would have happened had tax levies remained unchanged. The estimates are made by recalculating tax rates for 2003 using tax levies from 2002.

With no levy changes, more than half of all residential property owners would have seen tax increases, and less than half would have seen tax decreases. For homesteads, more than two-thirds would have seen decreases. Apart from levy increases, reassessment and restructuring reduced the taxes of substantially more homeowners than they increased.

Agriculture. Taxes on agricultural property in Randolph County rose. Overall, agricultural business taxes rose more than agricultural homestead taxes. The net assessed value on non-homestead agricultural real property more than doubled. This reflects the 112% increase in the base rate of farm land, from \$495 to \$1,050 per acre. Agricultural net personal property assessments increased by a smaller amount.

Business. Taxes on business property fell in Randolph County because assessed values rose much less than



residential and agricultural assessments. Business real property was assessed closer to the market value standard under the old assessment rules than was residential property. Consequently, the shift to market value assessment increased business assessments less. The general rise in assessed values in Randolph County reduced tax rates, and this cut tax bills for owners of property with smaller assessment increases, like businesses.

Tax Restructuring. The tax restructuring of 2002 made significant changes to property tax assessments, deductions, credits, and hence to overall tax payments. Restructuring reversed personal property rule changes which the Department of Local Government Finance had put in place. It replaced one tax break for homeowners, known as the shelter allowance, with a larger (in most cases) homestead deduction. Restructuring also increased property tax replacement credits (PTRC) from the existing 20% credit. PTRC on school general fund levies is now 60% for all property. A 20% PTRC is paid to real property owners on civil levies plus the remaining school general fund levies (after the 60% credit). Restructuring also raised the homestead credit to 20% of net qualifying levies, instead of allowing it to revert to 4% of gross qualifying levies in 2003. Figure 2 shows the net levies paid by each property classification along with the PTRC and state homestead credit contributions. The contribution to local levies in Randolph County by PTRC and state homestead credit payments increased by approximately 80%, from \$4.0 million to \$7.1 million.

Table 3 shows estimates of how Randolph County tax bills would have changed for each property type had tax restructuring not been adopted. Tax increases for residential and agricultural property owners would have been particularly large. The increases in the homestead deduction and PTRC in the tax restructuring reduced the size of these tax increases. Randolph County residential property taxes, on average, still increased. However, homestead taxes decreased because the reassessment business-to-residential tax shift, plus the increase in the tax levy, was more than offset by the rise in the homestead deduction and higher state PTRC payments. The elimination of PTRC on personal property was responsible for reducing tax cuts for commercial, industrial and utility property. The percentage changes in the “With Restructuring” column of Table 3 correspond to the changes in the net levies in Figure 2.

Property Type	No Restructuring (Estimated)	With Restructuring (Actual)	Difference
Agricultural	35.0%	19.1%	-15.9%
Residential (All)	55.0%	9.5%	-45.5%
Homestead Only	66.5%	-4.2%	-70.7%
Commercial	-7.1%	-4.6%	2.5%
Industrial	-16.6%	-14.4%	2.1%
Utility	-43.1%	-33.9%	9.2%

List of Attached Summary Tables. Four summary tables are attached to provide additional information regarding assessed values and taxes by property class.

Summary Table 1: Comparison of 2002 and 2003 Net Property Tax Billings by Property Classification. This table summarizes net tax billings for real and personal property by property class. Additional information is provided for subclasses such as homesteads, agricultural homesteads, agricultural land, and rental properties.

Summary Table 2: Comparison of 2002 and 2003 Net Assessed Value by Property Classification. This table summarizes net assessed values for the same property classes described in Summary Table 1.

Summary Table 3: Changes in Assessed Values, Deductions, Credits, and Net Levies. This table summarizes the county-wide changes in tax bill components from 2002 to 2003 for real and personal property by property class.

Summary Table 4: Residential Property Summary. This table summarizes the assessed value and net tax changes from 2002 to 2003 for residential property. The table includes a distribution of net tax changes for comparable residential properties and for the homestead component of residential property. The table also depicts the distribution of changes as if there were no levy increase in 2003.

Randolph County
Changes in Assessed Values, Deductions, Credits and Net Levies
Pay 2002 - Pay 2003

	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Pay 2002							
Real Gross Assessed Value	584,159,310	218,754,211	258,844,865	199,435,904	57,703,693	48,856,540	0
Real Deductions	70,116,912	11,323,972	49,330,674	49,330,674	375,176	9,087,090	0
Real Net Assessed Value	514,042,398	207,430,239	209,514,191	150,105,230	57,328,517	39,769,450	0
Personal Gross Assd. Value	176,017,335	19,086,520	3,658,676	0	35,072,567	79,343,994	38,855,577
Personal Deductions	1,014,880	0	0	0	853,840	161,040	0
Personal Net Assd. Value	175,002,455	19,086,520	3,658,676	0	34,218,727	79,182,954	38,855,577
Total Gross Assessed Value	760,176,645	237,840,732	262,503,541	199,435,904	92,776,261	128,200,535	38,855,577
Total Deductions	71,131,792	11,323,972	49,330,674	49,330,674	1,229,016	9,248,130	0
Total Net Assessed Value	689,044,853	226,516,760	213,172,867	150,105,230	91,547,245	118,952,405	38,855,577
Gross Levy	20,827,979	5,690,085	6,882,705	4,798,906	3,245,900	3,925,231	1,084,058
PTRC (Calculated)	3,421,680	881,423	1,150,088	799,050	554,807	660,598	174,765
State/County Homestead Cr. (Calculated)	546,065	97,114	448,951	448,951	0	0	0
Net Levy	16,860,233	4,711,548	5,283,667	3,550,906	2,691,093	3,264,633	909,293
Pay 2003							
Real Gross Assessed Value	1,091,488,640	445,688,250	512,432,629	393,065,882	79,923,178	53,162,342	0
Real Deductions	236,174,425	48,075,965	177,667,247	177,667,247	952,793	9,197,746	0
Real Net Assessed Value	855,314,215	397,612,285	334,765,382	215,398,635	78,970,385	43,964,596	0
Personal Gross Assd. Value	193,520,559	21,907,685	3,864,082	0	44,603,203	89,964,460	33,181,129
Personal Deductions	16,168,930	0	0	0	7,660,190	8,508,740	0
Personal Net Assd. Value	177,351,629	21,907,685	3,864,082	0	36,943,013	81,455,720	33,181,129
Total Gross Assessed Value	1,285,009,199	467,595,935	516,296,711	393,065,882	124,526,382	143,126,802	33,181,129
Total Deductions	252,343,355	48,075,965	177,667,247	177,667,247	8,612,983	17,706,486	0
Total Net Assessed Value	1,032,665,844	419,519,970	338,629,464	215,398,635	115,913,399	125,420,316	33,181,129
Gross Levy	24,543,566	8,158,346	8,798,877	5,483,316	3,378,058	3,480,125	728,128
PTRC (Calculated)	6,554,883	2,440,890	2,489,395	1,558,071	810,007	687,082	127,500
State/County Homestead Cr. (Calculated)	630,534	107,159	523,375	523,375	0	0	0
Net Levy	17,358,150	5,610,297	5,786,106	3,401,871	2,568,052	2,793,043	600,629
COMPARISONS							
Net Levy Percent Change	3.0%	19.1%	9.5%	-4.2%	-4.6%	-14.4%	-33.9%
Contributions to Tax Bill Changes, 2002-2003							
Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	86.8%	103.7%	98.0%	97.1%	38.5%	8.8%	
Gross Personal AV	9.9%	14.8%	5.6%	0.0%	27.2%	13.4%	-14.6%
Total Gross Assessed Value	69.0%	96.6%	96.7%	97.1%	34.2%	11.6%	-14.6%
Net Assessed Value	49.9%	85.2%	58.9%	43.5%	26.6%	5.4%	-14.6%
Gross Levy	17.8%	43.4%	27.8%	14.3%	4.1%	-11.3%	-32.8%
Net Levy	3.0%	19.1%	9.5%	-4.2%	-4.6%	-14.4%	-33.9%
Actual State Credits, 2002 and 2003							
	2002	2003	Change	Change%			
PTRC (Abstract)	3,409,018	6,516,080	3,107,062	91.1%			
State Homestead Cr. (Abstract)	566,359	625,066	58,708	10.4%			
Total State Credits (Abstract)	3,975,377	7,141,147	3,165,769	79.6%			

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
Randolph County

Property Classification	2002	2003	Difference***	Change***	2002	2003	Change
	Net Tax	Net Tax			% of Total Real + Pers	% of Total Real + Pers	
<u>Real + Personal</u>							
Agricultural	4,711,548	5,610,297	898,749	19.1%	27.9%	32.3%	4.4%
Residential	5,283,667	5,786,106	502,439	9.5%	31.3%	33.3%	2.1%
Commercial	2,691,093	2,568,052	-123,041	-4.6%	15.9%	14.8%	-1.1%
Industrial	3,264,633	2,793,043	-471,590	-14.4%	19.3%	16.1%	-3.2%
Utility	909,293	600,629	-308,664	-33.9%	5.4%	3.5%	-1.9%
Exempt	46,723	14,882	-31,841	-68.1%	0.3%	0.1%	-0.2%
Undefined	0	22	22		0.0%	0.0%	0.0%
Total	16,906,957	17,373,031	466,074	2.8%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	4,306,847	5,269,570	962,723	22.4%	25.5%	30.3%	4.9%
Residential	5,196,829	5,723,610	526,781	10.1%	30.7%	32.9%	2.2%
Commercial	1,727,217	1,741,760	14,543	0.8%	10.2%	10.0%	-0.2%
Industrial	1,155,182	844,154	-311,028	-26.9%	6.8%	4.9%	-2.0%
Utility	0	0	0		0.0%	0.0%	0.0%
Exempt	46,723	14,882	-31,841	-68.1%	0.3%	0.1%	-0.2%
Undefined	0	22	22		0.0%	0.0%	0.0%
Total	12,432,798	13,593,998	1,161,200	9.3%	73.5%	78.2%	4.7%
Agricultural Homesteads	1,640,820	1,809,105	168,285	10.3%	9.7%	10.4%	0.7%
Residential Homesteads	3,550,906	3,401,871	-149,035	-4.2%	21.0%	19.6%	-1.4%
Total Homesteads	5,191,726	5,210,976	19,250	0.4%	30.7%	30.0%	-0.7%
Non-Homestead Residential	1,645,924	2,321,740	675,816	41.1%	9.7%	13.4%	3.6%
Apartments (Over 4 Units)	168,280	227,680	59,400	35.3%	1.0%	1.3%	0.3%
<u>Personal Property Only</u>							
Agricultural	404,701	340,727	-63,974	-15.8%	2.4%	2.0%	-0.4%
Residential	86,837	62,496	-24,341	-28.0%	0.5%	0.4%	-0.2%
Commercial	963,876	826,291	-137,585	-14.3%	5.7%	4.8%	-0.9%
Industrial	2,109,451	1,948,889	-160,562	-7.6%	12.5%	11.2%	-1.3%
Utility	909,293	600,629	-308,664	-33.9%	5.4%	3.5%	-1.9%
Total	4,474,158	3,779,032	-695,126	-15.5%	26.5%	21.8%	-4.7%
Total Depreciables	3,211,986	2,425,564	-786,422	-24.5%	19.0%	14.0%	-5.0%
Total Inventory	1,175,335	1,290,972	115,637	9.8%	7.0%	7.4%	0.5%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	2,666,027	3,460,465	794,438	29.8%	15.8%	19.9%	4.1%
Ag Personal	404,701	340,727	-63,974	-15.8%	2.4%	2.0%	-0.4%
Total Ag Business	3,070,728	3,801,192	730,464	23.8%	18.2%	21.9%	3.7%
Ag Homesteads	1,640,820	1,809,105	168,285	10.3%	9.7%	10.4%	0.7%

* "Tax billings" for real property refers to the net taxes charged per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

* "Tax billings" for personal property refers to the net taxes charged on the personal property assessed value reported on the county auditor's abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net tax changes from 2002 to 2003 include effects of changes in assessment methods, local levies, real property physical characteristics, property use, personal property held or acquired, deductions, and credits.

Comparison of 2002 and 2003 Net Assessed Value*
(Scaled to Abstract Values)
By Property Classification**
Randolph County

Property Classification	2002	2003	Difference***	Change***	2002	2003	Change
	Net AV	Net AV			% of Total Real + Pers	% of Total Real + Pers	
<u>Real + Personal</u>							
Agricultural	226,516,760	419,519,970	193,003,210	85.2%	32.8%	40.6%	7.8%
Residential	213,172,867	338,629,464	125,456,597	58.9%	30.9%	32.8%	1.9%
Commercial	91,547,245	115,913,399	24,366,154	26.6%	13.3%	11.2%	-2.0%
Industrial	118,952,405	125,420,316	6,467,911	5.4%	17.2%	12.1%	-5.1%
Utility	38,855,577	33,181,129	-5,674,448	-14.6%	5.6%	3.2%	-2.4%
Exempt	1,545,360	791,150	-754,210	-48.8%	0.2%	0.1%	-0.1%
Undefined	0	1,567	1,567		0.0%	0.0%	0.0%
Total	690,590,214	1,033,456,995	342,866,781	49.6%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	207,430,239	397,612,285	190,182,046	91.7%	30.0%	38.5%	8.4%
Residential	209,514,191	334,765,382	125,251,191	59.8%	30.3%	32.4%	2.1%
Commercial	57,328,517	78,970,385	21,641,868	37.8%	8.3%	7.6%	-0.7%
Industrial	39,769,450	43,964,596	4,195,146	10.5%	5.8%	4.3%	-1.5%
Utility	0	0	0		0.0%	0.0%	0.0%
Exempt	1,545,360	791,150	-754,210	-48.8%	0.2%	0.1%	-0.1%
Undefined	0	1,567	1,567		0.0%	0.0%	0.0%
Total	515,587,757	856,105,365	340,517,608	66.0%	74.7%	82.8%	8.2%
Agricultural Homesteads	81,766,099	141,324,879	59,558,780	72.8%	11.8%	13.7%	1.8%
Residential Homesteads	150,105,230	215,398,635	65,293,405	43.5%	21.7%	20.8%	-0.9%
Total Homesteads	231,871,329	356,723,514	124,852,185	53.8%	33.6%	34.5%	0.9%
Non-Homestead Residential	59,408,961	119,366,747	59,957,786	100.9%	8.6%	11.6%	2.9%
Apartments (Over 4 Units)	5,282,465	9,269,746	3,987,281	75.5%	0.8%	0.9%	0.1%
<u>Personal Property Only</u>							
Agricultural	19,086,520	21,907,685	2,821,165	14.8%	2.8%	2.1%	-0.6%
Residential	3,658,676	3,864,082	205,406	5.6%	0.5%	0.4%	-0.2%
Commercial	34,218,727	36,943,013	2,724,286	8.0%	5.0%	3.6%	-1.4%
Industrial	79,182,954	81,455,720	2,272,766	2.9%	11.5%	7.9%	-3.6%
Utility	38,855,577	33,181,129	-5,674,448	-14.6%	5.6%	3.2%	-2.4%
Total	175,002,454	177,351,629	2,349,175	1.3%	25.3%	17.2%	-8.2%
Total Depreciables	126,080,788	115,999,282	-10,081,506	-8.0%	18.3%	11.2%	-7.0%
Total Inventory	45,262,991	57,488,265	12,225,274	27.0%	6.6%	5.6%	-1.0%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	125,664,141	256,287,407	130,623,266	103.9%	18.2%	24.8%	6.6%
Ag Personal	19,086,520	21,907,685	2,821,165	14.8%	2.8%	2.1%	-0.6%
Total Ag Business	144,750,661	278,195,092	133,444,431	92.2%	21.0%	26.9%	6.0%
Ag Homesteads	81,766,099	141,324,879	59,558,780	72.8%	11.8%	13.7%	1.8%

* "Net Assessed Value" for real property refers to the gross AV less deductions per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

** "Net Assessed Value" for personal property refers to the gross personal property assessed value reported on the county auditor's abstract less the deductions reported on the abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net AV changes from 2002 to 2003 include effects of changes in assessment methods, real property physical characteristics, property use, personal property held or acquired, and deductions.

**Randolph County
Residential Property Summary
2003 Reassessment**

Property Type	Change in Gross AV 2002 to 2003	Change in Net AV 2002 to 2003	Change in Net Tax 2002 to 2003	Change in Net Tax With NO Cert. Levy Chg. 2002 to 2003
All Real Residential Properties	99%	61%	10%	-4%
Comparable Residential Real Prop.	96%	57%	8%	-5%
Comparable Homesteads	91%	35%	-11%	-22%

Distribution of Net Tax Changes on Comparable Residential Property

% Change	2002 to 2003 Actual Bills All Residential Property		2002 to 2003 Actual Bills Homesteads Only		2002 to 2003 Recomputed Bills With NO Certified Levy Change All Residential Property		2002 to 2003 Recomputed Bills With NO Certified Levy Change Homesteads	
Over 300%	675	6.4%	74	1.3%	506	4.8%	58	1.0%
200% to 300%	474	4.5%	72	1.2%	374	3.5%	47	0.8%
100% to 200%	1,447	13.7%	208	3.6%	1,138	10.7%	162	2.8%
50% to 100%	1,525	14.4%	452	7.8%	1,309	12.4%	268	4.6%
25% to 50%	1,098	10.4%	477	8.2%	1,082	10.2%	371	6.4%
10% to 25%	826	7.8%	495	8.5%	812	7.7%	369	6.4%
5% to 10%	298	2.8%	221	3.8%	277	2.6%	159	2.7%
0 to 5%	476	4.5%	325	5.6%	457	4.3%	252	4.3%
0 to -5%	340	3.2%	302	5.2%	305	2.9%	208	3.6%
-5% to -10%	374	3.5%	340	5.9%	395	3.7%	292	5.0%
-10% to -25%	1,220	11.5%	1,141	19.7%	1,239	11.7%	1,111	19.2%
-25% to -50%	1,539	14.5%	1,460	25.2%	2,150	20.3%	2,036	35.1%
Below -50%	299	2.8%	233	4.0%	547	5.2%	467	8.1%
	10,591	100.0%	5,800	100.0%	10,591	100.0%	5,800	100.0%
Parcels With Increases	6,819	64.4%	2,324	40.1%	5,955	56.2%	1,686	29.1%
Parcels With Reductions	3,772	35.6%	3,476	59.9%	4,636	43.8%	4,114	70.9%
Average \$ Change		\$40		-\$74		-\$27		-\$147
Average % Change		8.1%		-11.3%		-5.5%		-22.5%

"Comparable Properties" = Properties with a record in both years that have improvements in both years OR no improvements in both years.

Data Source: 2002 and 2003 County Parcel Tax Data - County Auditor and County Assessor
Prepared by Legislative Services Agency, June 2005.